A wide-angle, high-angle photograph of a coastal highway bridge. The bridge is a multi-lane concrete structure with a white railing, curving along the edge of a steep, rocky cliff. A red Australia Post truck is driving on the bridge, moving away from the viewer. The ocean is visible to the right, with the sun setting on the horizon, creating a bright, golden glow across the sky and reflecting on the water. The overall scene is peaceful and scenic.

Modern Slavery Statement 2021

Contents

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Message from the Chair



The Australia Post Group does not tolerate modern slavery in our operations or extended supply chains. We're committed to operating ethically and transparently, and we're driven by our organisation's purpose – building a sustainable future serving our community.

Our purpose is underpinned by our core values of trust, inclusivity, empowerment and safety, and I'm proud of how these values guide our everyday decisions at Australia Post.

As Australia's postal services provider and largest retail network, people are at the heart of what we do. We directly employ a workforce of approximately 37,000 (including casual workforce) and engage an estimated 27,100 in our extended workforce. The majority of these people are employed in our delivery, post office and operational networks.

We recognise that addressing modern slavery means not only preventing the exploitation of our direct employees, but also addressing potential risks to workers in our extended workforce, and in the products and services we procure for our business operations and Post Offices.

Modern slavery is a complex issue. It is all around us, yet often just out of sight. The Global Slavery Index 2018 estimates there are 40 million people globally and 15,000 people in Australia affected by modern slavery. Modern slavery is a global issue concealed within complex supply chains, and therefore it is critically important for all businesses to take action and responsibility.

We support the Australian Government's efforts to assist the business community in addressing modern slavery. All organisations have a role to play in making sure the way business is conducted does not have a hidden human cost in the form of forced labour or human trafficking.

I'm proud that Australia Post's efforts in this space pre-date the Modern Slavery Act 2018. In the last year we've made particular progress in gaining deeper transparency of our supply chain and potential risks. We continued to strengthen and evolve our supply chain due diligence and significantly increased the percentage of procurement suppliers assessed. We rolled out new systems to monitor compliance with workplace laws in our extended workforce. We also made improvements to the way supplier risk is escalated to the business for decision making, and added modern slavery risks to our Group Risk and Compliance System.

We understand the Modern Slavery Act 2018 requires year on year continuous improvement. This complex issue will not be solved through short-term actions or quick wins. We therefore take a preventative and principle-based approach to identifying modern slavery risks, and this Statement provides an overview of our ongoing efforts and actions.

This Statement was approved by the Australia Post Board.

Lucio Di Bartolomeo
Chair

26 August 2021

2021 Achievements



Supply chain due diligence

Our approach to supply chain due diligence continued to evolve and significantly increased the percentage of procurement suppliers assessed



Risk management

We made improvements to the way supplier risk is escalated to the business for decision making, and added modern slavery risks to our Group Risk and Compliance System.



Workforce

We rolled out new systems to monitor compliance with workplace laws in our extended workforce



Facilities

We conducted a modern slavery audit of JLL, our property services provider, and worked with them to better identify and manage risks in our facilities and supply chain



Training

We improved the capability of relevant staff in two key areas:

1. responsible purchasing; and
2. how to identify and escalate warning signs of modern slavery.



Response and remediation

We developed a process and strengthened the capability of our whistleblower function to address signs of modern slavery

01

Introduction & scope of the report



Purpose and scope of this Statement

This FY21 Modern Slavery Statement (Statement) is prepared by Australian Postal Corporation ABN 28 864 970 579 (Australia Post) pursuant to the *Modern Slavery Act 2018* (Cth) (Act). This Statement is a Joint Statement made by Australia Post on behalf of itself and controlled entities that are reporting entities for the purposes of the Act during the financial year ended 30 June 2021 (reporting period). Those entities are detailed further in Section 2.

This Statement relates to the operations, subsidiaries and suppliers of Australia Post. It was approved by the Australia Post Board of Directors on 26 August, 2021. Consultation, and the internal drafting and approval process is further outlined in Section 6.

The Statement sets out the actions taken by the Australia Post Group to address modern slavery risks in our business and supply chain throughout the reporting period. Each section in this Statement corresponds to a mandatory criterion of the Act.

Modern Slavery

Modern slavery describes situations where offenders use coercion, threats or deception to exploit victims and undermine their freedom. Modern slavery can occur in every industry and sector and has severe consequences for victims. It includes eight types of serious exploitation including trafficking in persons, forced labour, debt bondage and the worst forms of child labour.¹ Issues like underpayment and substandard labour conditions may not constitute modern slavery but are still harmful and often illegal practices which provide warning signs of modern slavery.

Our Commitment

Australia Post does not tolerate modern slavery in its operations or extended supply chains. This commitment aligns to our purpose, values and ethics which encompass how we go about operating ethically and responsibly.

We recognise that addressing modern slavery means not only preventing the exploitation of our direct employees, but also addressing potential risks to workers in our extended workforce and in the products and services we procure for our business operations and retail stores.

This Statement seeks to provide an overview of our efforts to understand and address modern slavery in our business. We recognise that this is a work in progress, and that the spirit of the Act is one of continuous improvement.

¹ Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities: <https://www.homeaffairs.gov.au/criminal-justice/files/modern-slavery-reporting-entities.pdf>

01

Introduction & scope of report

This Joint Statement is made by Australia Post and on behalf of the eight wholly-owned subsidiary entities in our group structure that are reporting entities.



Identifying the reporting entity

These wholly-owned subsidiary entities are based, or operating, in Australia with an annual consolidated revenue of over \$100m across the reporting period, therefore meeting the Acts definition of a reporting entity.

Main operating entities

- Star Track Express Pty Limited ACN 001 227 890
- Australia Post Global eCommerce Solutions (Aust) Pty Ltd ACN 612 954 784

Holding company entities

- Australia Post Transaction Services Pty Ltd ACN 116 164 286
- AUX Investments Pty Ltd ACN 146 824 919
- Star Track Express Holdings Pty Limited ACN 106 690 153
- Star Track Express Investments Pty Limited ACN 002 454 533
- AP International Holdings Pty Ltd ACN 110 171 723 (AP International Holdings)
- AP Global Holdings Pty Ltd ACN 609 953 504

02

Who we are Overview



What we do

As Australia’s leading logistics and integrated services business, our objective is to support our customers to grow and communities to thrive, to create products that people value and trust, and to always deliver great service and value to our customers and the community.

As a Government Business Enterprise (GBE), Australia Post is a self-funding business with both commercial and community service obligations. We contribute to Australia’s economic growth, including through dividend payments which are reinvested for the benefit of the Australian community.

Our purpose & values

Over our long history, our social purpose and commitment to the community has remained the same: Building a sustainable future serving our community. We provide a service that is accessible to all Australians. We are also one of Australia’s largest employers, creating jobs across the country including employees of licensed post offices and contracted delivery drivers.

Our values of Trust, Inclusivity, Empowerment and Safety underpin everything we do - the services we deliver, the products we provide and, importantly, how we behave. We continue to place the safety of our people as our highest priority. We are committed to operating as a responsible business and actively manage our environmental and social performance, delivering on our corporate responsibility and sustainability goals.

Trust	Inclusivity	Empowerment	Safety
Do the right thing	Respect everyone	Find a way	Be safe and well
T	I	E	S

Our Business Structure

Headquartered in Melbourne, the Australia Post Group comprises Australia Post, various subsidiary and controlled entities and other interests as published in Australia Post’s Annual Reports.

Our main operating entities based in Australia include the following wholly-owned subsidiaries:

- StarTrack Retail Pty Ltd - road and air delivery and freight services;
- Star Track Express Pty Limited - express freight and logistics services;
- Decipha Pty Ltd - information management services;
- PoLi Payments Pty Ltd - debit payment services;
- SecurePay Pty. Ltd., ACN 088 101 875 - online payment services; and
- Australia Post Global eCommerce Solutions (Aust) Pty Ltd ACN 612 954 784 - e-commerce delivery and logistics solutions.

Internationally, Australia Post also provides cross border e-commerce delivery and logistics services through its wholly owned subsidiaries in the United Kingdom, the USA and Hong Kong. These entities do not carry on business in Australia.

Through Australia Post’s wholly-owned subsidiary entity AP International Holdings, we hold a 49 per cent interest in an international joint venture with China Post (China Post Logistics Company Limited), Sai Cheng Logistics International Company Limited.

Details of the Australia Post Group other domestic and international wholly-owned subsidiary entities and wholly-owned subsidiary holding company entities are published in the Australia Post’s Annual Reports.

02

Who we are Snapshot of our organisation

Our 2021 results



\$8.3bn
revenue



\$46.2m
dividends paid to our Shareholder
the Australian Government



10m +
business customers



148k
small business customers supported
to streamline their shipping processes
and grow their businesses online

Our people & diversity



64,000
total (employees and estimated
extended) workforce, including:



55%
drivers delivering to our customers



21%
retail workers in our Post Offices



13%
facility or operational workers
such as mail sorting



8%
corporate workers in our offices



3%
sales or customer contact centre workers



Kept our people safe through COVID-19,
with zoning, staggered shifts and temperature
testing, and support for those working remotely



Our workforce is made up of 145 nationalities
and our people speak 62 languages

02

Who we are Snapshot of our organisation

Our operations & reach



4,320
post offices (58% in rural
and remote communities)



12.4m
delivery points



492
facilities



13,867
vehicles (23% electric)

Our supply chain



6,500 +
suppliers to the Australia Post Group



\$2.6bn
procurement spend



127
retail suppliers



\$150m
retail merchandise spend



4,320
Post Offices (66% Licensed
Post Offices overseeing their
own procurement)

03

Our risks Overview

Our approach to identifying modern slavery risk

We apply a systematic approach to risk and compliance at Australia Post. We understand that under the Act, 'modern slavery risk' represents risk to people involved in our value chain. At the same time, we have also considered the implications of this in terms of risk to our business.

We have been formally assessing risk of modern slavery across our entire value chain since 2018. To do so, we have considered Commonwealth Guidance² regarding contexts and sectors in which modern slavery has been found to take place, including high risk countries, vulnerable populations, high risk products or industries, and high-risk work practices (such as subcontracting and outsourcing where visibility and control may be reduced). We have also leveraged our membership with Sedex (one of the world's leading ethical trade service providers - see section 4) and our engagement in multi-stakeholder forums (see section 6), to ensure our risk assessments are informed by robust data around modern slavery prevalence and warning signs. This has provided insight into trends in modern slavery and products or hotspots of concern.

Within the risk areas that have been identified, we have conducted further assessment and gap analysis, as well as due diligence with suppliers of products, services or labour.

Risk areas across our value chain

Australia Post's core business is considered a low-risk activity in relation to modern slavery. Reputable external ratings categorise postal and courier activities in the transportation and storage sector in Australia as carrying low inherent risk.³

During the reporting period, we have not become aware of any instances or indications of modern slavery in our operations, supply chain or workforce, including in our subsidiary and controlled entity businesses. However, we recognise that modern slavery has the potential to occur in any location, industry or sector.

² Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities: <https://www.homeaffairs.gov.au/criminal-justice/files/modern-slavery-reporting-entities.pdf>


³ Sedex 'RADAR Pre-Screen' 2020 uses multiple sources and finds that postal and courier activities in the transportation and storage sector in Australia carry low inherent risk, including low risk for labour standards and health and safety

03

Our risks Overview

We have identified focus areas for modern slavery across our value chain. These areas are reflected in the membership and priorities of the Modern Slavery Working Group. The next page explains our perceived risks in more detail.



		
Our people and resources	Our delivery network and operations	Our customers and community
Workers indirectly employed in our post office and delivery network	Procurement of goods and services for our business	Our Customer network
Sub-contracted workers employed by service providers in our facilities	Retail merchandise products for sale in our Post Offices	
	Merchandise independently sourced by Licensed Post Office	

03

Our risks
Summary of
risks & actions

This table summarises the most salient risk areas across our value chain. It explains the rationale and nature of each risk, including the workers it potentially affects. And it outlines the top actions we are taking. Section 4 goes into the risks and actions in more detail.

	Potential Risk	Risk Explanation	Key Mitigating Actions
Our people: indirect post office and delivery workforce	Workers indirectly employed in our delivery network including sub-contractors. Workers that are employed by Licensed Post Offices	We engage an estimated 27,100 people in our extended workforce. Given we do not have a direct employment relationship with these people, this gives us less control over the conditions of their engagement compared to our directly employed workforce. We also use contractors and labour hire, which are considered risk factors. ⁴	<ul style="list-style-type: none"> Strong contractual arrangements including limiting tiers of subcontracting in our delivery network Audit and monitoring of supplier compliance with workplace laws in high-risk labour segments and vulnerable workforce groups Workforce education, staff training and Whistleblower awareness and access
Our people: sub-contracted service providers in our facilities	Workers in service areas identified as higher risk such as cleaners, security personnel	We have approximately 1,500 facilities across Australia, managed by our property services provider JLL who help us identify and manage risks. We know that certain services we use in our facilities, like cleaning and security, are considered high risk for labour exploitation. ⁵	<ul style="list-style-type: none"> Due diligence in engaging and monitoring our Property Services Provider Working collaboratively to address key risks, develop processes Specific actions to protect high risk worker groups
Our network: procurement for our business	Workers producing goods and services sourced via our formal procurement process and via delegated authority	The majority of our spend is in low-risk categories and takes place in Australia. However, we have identified some high-risk categories and suppliers for further due diligence. We also note a degree of potential risk in relation to our decentralised low value purchasing by staff.	<ul style="list-style-type: none"> Group Procurement principles, systems and policies Adapted supplier pre-screening process established Sedex assessments conducted for higher risk suppliers Staff trained to better incorporate modern slavery risk into their purchasing decisions
Our network: retail merchandise and licensed post offices	Workers producing goods procured by Retail Merchandise for sale in our outlets (or procured directly by Licensed Post offices)	We source a range of goods for sale in our stores, which includes a range of high-risk categories such as electronics, toys and appliances. In addition, our Licensed Post Offices are independent business owners and can source product through independent channels. This gives Australia Post limited visibility and control over their sourcing standards.	<ul style="list-style-type: none"> Use of Group Procurement principles, systems and policies for retail sourcing – including supplier due diligence and risk management Merchandise buyers trained to better incorporate modern slavery risk into their decision-making
Our customers and community: our customer network	Workers producing items that we may unknowingly carry through our network on behalf of our customers, which may have been produced using modern slavery	Acknowledging that Australia Post is not broadly authorised to open mail, modern slavery risks associated with items we carry for customers are difficult to monitor. While this risk has been identified in Our Customer Network, we are reporting in line with the Act which emphasises consideration of operations and value chain – not customer practices.	<ul style="list-style-type: none"> Out of scope of the Act.

⁴ Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities: <https://www.homeaffairs.gov.au/criminal-justice/files/modern-slavery-reporting-entities.pdf>

⁵ Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities: <https://www.homeaffairs.gov.au/criminal-justice/files/modern-slavery-reporting-entities.pdf>

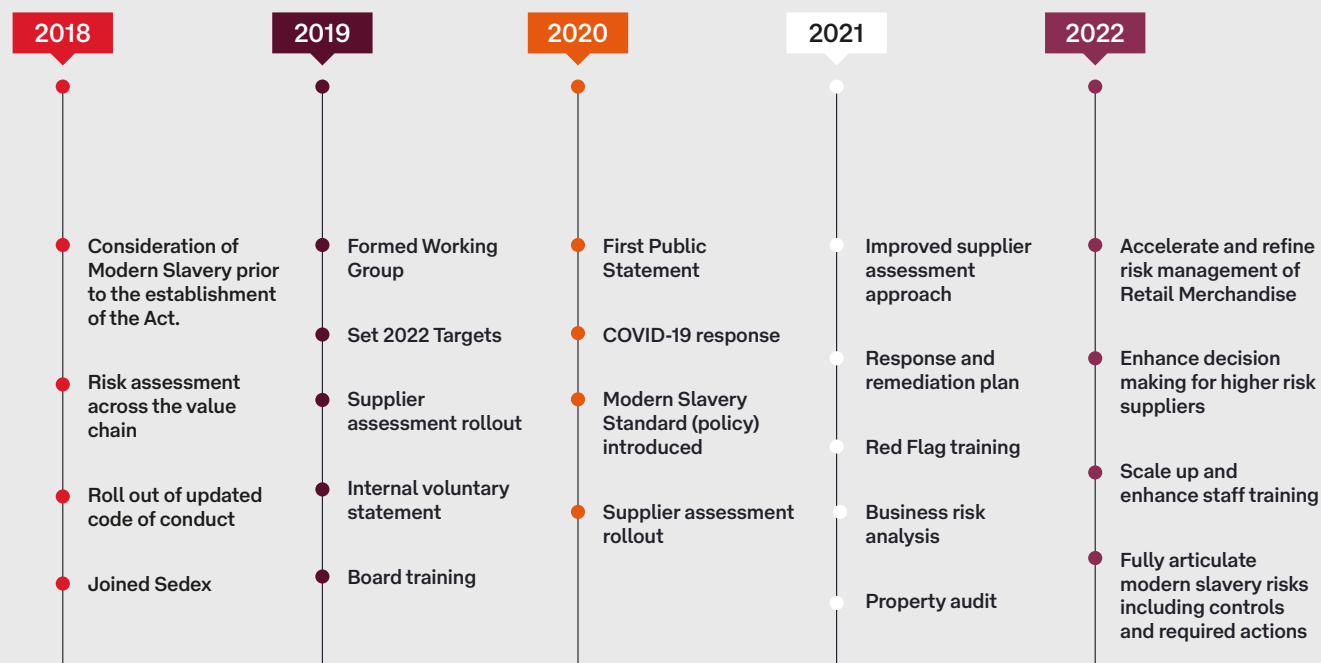
04

Our actions

Overview
& timeline

Timeline of our response since 2018

Whilst we have been working on social risks in our supply chain for many years now, the focus of our activity has intensified over the last four years.



04

Our actions Overview & timeline

Our governance structure is aimed at ensuring transparency and accountability regarding modern slavery.



Governance & Modern Slavery Working Group

Established in April 2019, our cross functional working group reports to an accountable Executive Sponsor and provides updates to the Board via its People & Sustainability Committee. Representation includes risk and compliance, sustainability, procurement, retail merchandise, security, employee relations, governance and legal areas, but an extended forum includes additional stakeholders from across facilities management, the post office network and other key areas.

The group leads a business-wide program of work to address modern slavery risk. During FY21 the Working Group:

- Developed an annual plan with goals and objectives (see Section 5)
- Held monthly meetings with working group members, with each representative reporting on their progress
- Regularly briefed relevant leaders and executives, and reported on relevant targets to the Australia Post Board via its People & Sustainability Committee
- Liaised closely with other relevant governance forums, notably in extended workforce compliance
- Held training and capability building sessions for working group members (see Section 4)
- Supported Group Risk to inform business risk rating related to modern slavery
- Engaged with relevant wholly-owned subsidiaries (see Section 6)
- Secured Australia Post Board approval of a Group Modern Slavery Standard

04

Our actions Overview & timeline

Our guiding policies and principles

Australia Post has a range of policies, programs and plans which underpin our commitment to standards of conduct and behaviour and our actions against modern slavery.

Organisational Policies	<ul style="list-style-type: none"> • Our code of conduct - Our Ethics, embodies our Group-wide commitment to addressing modern slavery • Modern Slavery Standard functions as a stand-alone policy document on modern slavery, aligned to relevant standards and principles (drafted in FY20, it was approved in early FY21) • Our workforce arrangements including our policies and procedures are developed and maintained in accordance with relevant Australian workplace laws which reflect fundamental human rights • Our Group Whistleblower Policy, Guidelines and Whistleblower Hotline provide a grievance mechanism for people both within and outside our business • Procurement Policy and frameworks align to the Commonwealth Procurement Guidelines
Sustainable Procurement Principles	<ul style="list-style-type: none"> • Our Sustainable Procurement Principles, established in 2018, are: <ul style="list-style-type: none"> – Workplace health, safety and wellbeing is never compromised – Zero tolerance for harassment, abuse and discrimination – Prioritise social enterprises, Indigenous and ethically certified goods and services – No exploitative or forced labour and wage practices must be fair – Rights to freedom of association and collective bargaining are respected – Environmental impacts and hazards are minimised
Supplier Code of Conduct	<ul style="list-style-type: none"> • Included in all supply contracts, our Supplier Code of Conduct sets out our minimum expectations of our suppliers, including expectations to ensure suppliers do not use any child labour, forced labour or involuntary labour, and operate according to recognised national and/or international standards
UN Global Compact Principles	<ul style="list-style-type: none"> • We remain committed to the principles of the United Nations (UN) Global Compact, the world's largest voluntary corporate citizenship initiative to which we became a signatory in 2010, in alignment with our Shareholder's objectives of good governance of GBEs.
Corporate Responsibility Plan	<ul style="list-style-type: none"> • Our 2020-2022 Group Corporate Responsibility Plan sets out commitments and targets aligned to the Sustainable Development Goals, including to: <ul style="list-style-type: none"> – create a holistic approach to addressing modern slavery in our operations and extended supply chain (commitment 1.2); and – have a transparent and traceable supply chain (commitment 1.4)

04

Our actions Managing risk in our supply chain

Our approach to managing supply chain risk

We take a principled and risk-based approach to assess and ensure our processes are focused on higher risk areas. We have three key stages in our approach.



Setting standards

- Our Sustainable Procurement Principles underpin our approach
- We provide our Code of Conduct to suppliers
- Contractual clauses set out supplier obligations
- We train procurement staff and people with purchasing authority (see later in this section)



Assessing risk

- All suppliers over a spend threshold of \$150,000 are in scope (plus all retail suppliers)
- Our pre-screen assessment considers inherent risk of the product category and country of origin, using Sedex data
- Suppliers with higher inherent risk are required to complete the Sedex Self Assessment Questionnaire (SAQ)
- The SAQs are evaluated



Managing risk

- If gaps are found in the supplier's practices or management of modern slavery risks, we work with the supplier to develop a Corrective Action Plan
- Risks are escalated for decision-making
- We conduct supplier audit where relevant and feasible
- We reserve the right to review the supply relationship should supplier not improve performance

04

Our actions Managing risk in our supply chain

Understanding and improving the transparency of our supply chain is an ongoing process.



Continuous improvement in our approach

This year we have made further enhancements to our risk-based approach processes:

- New pre-screen process that draws on inherent risk for supply category and country-of-origin, allowing us to triage higher risk suppliers for further assessment
- Leveraged the newly enhanced Sedex assessment platform to underpin our approach
- Developed a risk escalation process to inform business leaders of any residual risks
- Developed an audit approach to help assess modern slavery risks for our highest risk suppliers
- Facilitated ongoing formal meetings/discussions with significant suppliers to foster collaborative approach to learning and knowledge sharing
- Updated standard contract terms and conditions to reinforce obligations to the Supplier Code of Conduct
- Carried out specialised and broad-based training (see Training - later in this section)

Our supply chain in FY21

In 2021, we spent approximately \$2.6bn procuring goods and services from over 6,500 suppliers across our business operations. Key areas of spend include Logistics, Fleet, People & Professional Services, Property, Information Technology & Telecommunications and a range of Business Services. Inherent risks across our main sourcing categories are outlined in the diagram on page 19.

04

Our actions Managing risk in our supply chain

The majority of our spending in Group Procurement occurs with direct suppliers in Australia (88%). We acknowledge that goods and services supplied by our direct suppliers may not be manufactured or provided in those direct suppliers' countries, but in jurisdictions that are at higher risk for modern slavery.

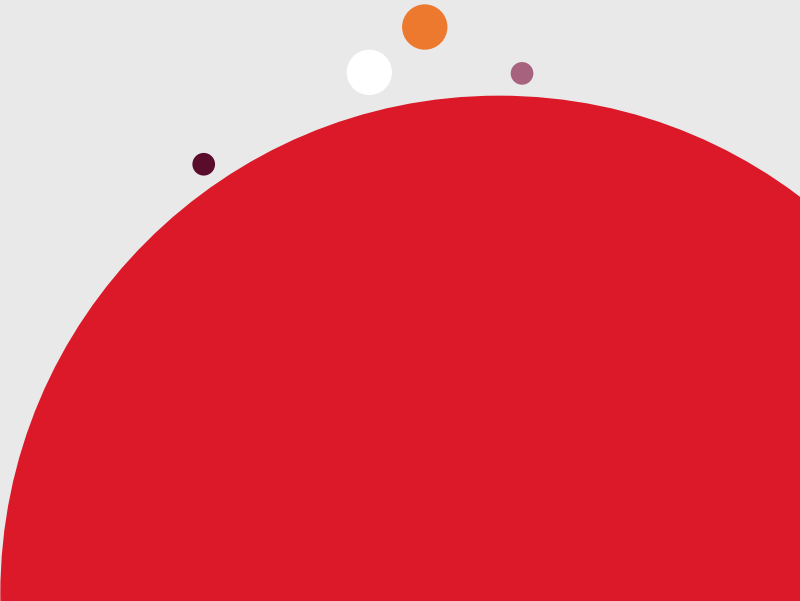
Group Procurement spend by category

- 29% Logistics
- 20% Property
- 10% People
- 10% IT&T
- 9% Fleet
- 8% Automation
- 7% Post Office Network
- 7% Business, Professional & Marketing Services



Group Procurement spend by Country of Origin

- 88% Australia
- 4% United States
- 4% Germany
- 2% China
- 2% Rest of World



04

Our actions Managing risk in our supply chain

Some of our main sourcing categories across both Group Procurement and Retail Merchandise have higher inherent modern slavery risks than others.

Inherent Risk by Category

	Australia	Rest of World
High Risk	Facilities cleaning	Workwear Retail Merchandise Mail Processing Consumables
Medium Risk	Printing Packaging Post Box Maintenance Security Services	Office Supplies Packaging IT Hardware
Low Risk	Operational Labour Logistics IT Services Professional & Business Services	Fleet Automation Equipment Software

04

Our actions

Managing risk in our supply chain

FY21 Supplier Assessment Summary

In 2021 improvements made to the process meant that we were able to fast track supplier assessments.

- **Pre-screening:** 100% of in-scope procurement suppliers (671 suppliers), which represents 85% of total spend (\$2.6bn). Of the pre-screened suppliers, 51 were deemed higher risk and require completion of the Sedex SAQ, with 44 (86%) complete as of 30 June 2021.
- **Detailed assessment:** Of the completed SAQs, 35% of suppliers have been identified as having a higher potential risk in relation to the labour standards criteria – the case study outlines how we manage this.

Percentage of Group Procurement assessments (SAQs complete)

- 86% SAQs complete
- 14% SAQs in progress



Group Procurement SAQ outcome - Labour Standards Risk in SAQ

- 35% High risk
- 31% Medium risk
- 20% Low risk
- 14% SAQ in-progress



04

Our actions Managing risk in our supply chain



CASE STUDY: RESIDUAL RISK MANAGEMENT & CORRECTIVE ACTION

We manage any suppliers that don't meet our standards through supplier engagement and corrective action. In 2021, we did not identify any potential instances of modern slavery. However, for some suppliers (35%) the detailed assessment identified potential risks or substandard practices in the area of labour standards.

When risks like this are flagged through the process, we closely evaluate the assessment. We work collaboratively with each supplier to better understand the circumstances and consider potential corrections.

Examples in 2021 included two suppliers who had not produced sufficient internal labour rights policies: a printing supplier, and a repairs and maintenance provider.

In these cases, we continue to actively work with the suppliers to source additional information such as evidence of labour management processes, copies of payslips and evidence of the development of missing policies and support processes. For these suppliers, our objective is for the overall process to lead to the improvement of their internal labour management and governance processes.

Retail Merchandise

Our Retail Merchandise is administered separately from Group Procurement, however purchasing takes place under Group Procurement principles, policies and systems.

Our risk profile

Our Post Offices are retail stores that sell a range of products as well as provide essential services. Retail merchandise spend is approximately \$150m per annum. We have centralised sourcing of retail merchandise goods from a large variety of local and overseas suppliers. Most of the products are consumer goods sourced from major international brands. Our main categories include consumer electronics, home office and stationery, gifts, toys and packaging consumables. Many of these are considered to have a high inherent risk of modern slavery – notably electronics, toys and appliances – due to the type of product and country they are sourced from.

04

Our actions Managing risk in our supply chain

Our risk management approach and FY21 progress

Retail Merchandise adopts the same risk assessment approach we have described. This includes pre-screening for inherent risk, and then prioritising higher risk suppliers for detailed assessment (Sedex SAQ) and further due diligence as required. The pre-screening process has been adapted to integrate retail merchandise subcategories and other criteria relevant to the categories sourced.

In 2021 we pre-screened 23% of retail merchandise suppliers, which represents almost 50% of total spend (\$150m). In 2022 we will focus our efforts on pre-screening the remaining suppliers and conducting a detailed Sedex assessment for higher risk suppliers.

In addition, as independent business owners, our Licensed Post Offices and Community Postal Agents oversee their own procurement processes. They can source goods and services both via Australia Post and independently. It is a priority for 2022 to consider additional ways we can support and encourage responsible procurement in our Post Office Network.

Retail Merchandise spend by Country of Origin

- 69% China
- 17% Australia
- 7% China/Korea
- 3% China/Australia
- 3% Korea
- 1% China/Europe

Retail Merchandise pre-screening complete

- 77% In progress
- 23% Pre-screened

04

Our actions Our extended workforce

Our commitment and governance

We are committed to ensuring that every person who works for the Group, whether as part of our directly employed or extended workforce, is engaged, paid and treated in accordance with Australian workplace laws. Australia Post has controls in place to ensure compliance with workforce laws, including laws aimed at protecting vulnerable workers. We've established workforce compliance forums and governance mechanisms which meet monthly. Key members of the Modern Slavery Working Group are also active in workforce compliance, allowing learnings to be shared across business units.

Relevant actions in FY21

The following are some of the controls and actions taken in FY21 that were most relevant to modern slavery, either because they address relevant labour protections like fair pay or focus on higher risk or more vulnerable worker segments, such as labour hire or visa holders.

- Contractor management compliance system.**
 During FY21 we commenced building a new Contractor Management Compliance System (CMS) and refined workflow processes to manage the contractual compliance arrangements within our deliveries network. An online portal allows near real time management of workflows for each compliance module including the creation and escalation of remediation actions. We have delivered three modules: due diligence assessments, work health and safety review processes, and driver and vehicle safety assessments. We have commenced building additional compliance modules that will be delivered in FY22. The data captured within the system allows us to monitor, report and manage potential or existing non-compliance across providers.
- Contractor monitoring and audit.** We undertake a risk based due diligence assessment before engaging our contractors or renewing their contracts, which includes reviewing information about their workforce based on their workforce engagement model, including visa compliance, pay rates, and overtime. Where we become aware of potential compliance concerns within our network, we undertake 'for cause' audits to ensure payment and safety conditions are compliant with relevant workplace laws and require remediation of any issues identified. We conducted approximately 20 delivery contractor 'for cause' audits this year.
- Licensee monitoring and audit:** We undertake steps to assist Licensees to understand and meet their workplace laws obligations and put in place a framework to monitor Licensee compliance within the network. Where we become aware of potential compliance concerns within a Licensee, a 'for cause' audit is undertaken by external auditors to ensure compliance with relevant workplace laws and require remediation of any issues identified, with this remediation process overseen by the external auditors. We conducted 55 'for cause' audits this year. We also proactively monitor Licensee compliance through random proactive audits. We conducted 47 proactive audits this year.
- Limiting subcontracting.** We continued to limit subcontracting via contractual requirements on key workforce segments. In our delivery network, only one layer of subcontracting is permitted under the principal contract.
- Visa workers.** Among our contractors, a proportion of subcontractors will be visa holders, however, we do not directly recruit migrant workers. Only certain permitted visas are allowed, and visa compliance is monitored. Further, we do not commonly permanently employ people via temporary visas, and where we do, they are generally on visas regarded as low-risk (i.e. skilled occupation visas).
- Labour hire.** We have a panel of approved labour hire providers, with contractual arrangements that require those providers to comply with all workplace laws, including labour hire licensing laws. Under these contracts, the labour hire providers are required to pay their staff in line with the applicable Australia Post Group enterprise agreement for any work they perform within our business (see Case Study, pg. 24).
- Extended workforce education and learning.** We continue to actively educate both employers and workers regarding their rights and obligations – see page 26. In FY21, a Learning Management System (LMS) was launched across our Licensee and parts of our delivery contractor network, and a bespoke module on ethical behaviour is included. Launch of the LMS to the remainder of our delivery contractor network will occur in Q1 of FY22.

04

Our actions Case studies



CASE STUDY: LABOUR HIRE

Because we require a flexible seasonal workforce to manage fluctuations and uplift in demand (i.e., around major internet sales or end of year sales), we use labour hire companies. Labour hire is an acknowledged risk factor for modern slavery, given that there may be reduced visibility over recruitment practices and workforce terms and conditions of engagement.⁶

To ensure we work with reputable providers, we engage a limited number of agencies; ensuring they hold all relevant labour hire licenses required under relevant laws, agree to comply with all workplace laws and cooperate with a regular auditing regime conducted by Australia Post. The engagement is done through a panel of providers, with robust requirements around which agencies are members of the panel. This process is managed by Group Procurement in keeping with our Sustainable Procurement Principles. We take precautions to ensure that the contracts offered are not at rates that might facilitate underpayment.

Labour hire agencies are subject to our Pre-Screen assessment process and are monitored closely to ensure labour standards are adhered to.

Further, we have strengthened our contracts to provide rights to audit labour hire vendors and access their records. Through the audit activity, we stay alert to any warning signs with regard to factors like hours worked, pay rates, overtime, superannuation, workplace and immigration laws, so that these can be investigated and, if required, rectified by the labour hire provider without delay. These actions help us to promote the rights of those workers.

Should compliance concerns around issues like underpayment arise, we undertake corrective action and remediation efforts. It is our priority to ensure any workers in our business are paid and engaged in line with Australian law.

⁶ Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities: <https://www.homeaffairs.gov.au/criminal-justice/files/modern-slavery-reporting-entities.pdf>

04

Our actions Case studies



CASE STUDY: FACILITIES MANAGEMENT & CLEANERS

We have a large number of facilities across Australia. These are overseen by a third-party provider of property services. During FY21 we engaged a new provider, JLL, which has led to improvements in the identification and management of risks across this portfolio.

In this portfolio, subcontracting is contractually limited. Modern slavery risk related to the delivery of in-scope property services is managed by JLL using a supplier lifecycle risk management framework. Key steps include supplier screening, due diligence including risk tiering and subcontracting review, and use of appropriate contractual provisions. This is followed up with regular compliance monitoring, and for selected high-risk suppliers, performance management via a two-way supplier assessment scorecard, and spot audits. Both Australia Post and JLL have whistle-blower hotlines available to all people working in the property supply chain.

Cleaning was jointly identified by Australia Post and JLL as a potential high-risk area. This is in part due to the presence of outsourced or sub-contracted and relatively low-skilled labour, where oversight can be potentially diminished, combined with potential work safety risks. Contracting processes are underpinned by the Cleaning Accountability Framework, which ensures quality cleaning services, ethical labour practices, and employment according to the Cleaning Services Award.

In addition, given the importance of the portfolio and the presence of high-risk labour groups, we conducted a modern slavery audit of JLL to review the information provided in their self-assessment. The audit incorporated Sedex Members Ethical Trade Audit methodologies and focused on the two pillars of 'Labour standards' and 'Health and Safety'.

04

Our actions
Training & remediation

Staff Training & Engagement

Building on the learning needs assessment conducted in FY20, we undertook a range of targeted training and capacity building actions during FY21. The table outlines our key efforts in FY21. Our aims are that:

- All people have general awareness of key related areas like our TIES values, ethical behaviour and incident reporting, and can report all relevant issues and access appropriate grievance mechanisms;
- All people with purchasing authorities understand risks and make responsible buying decisions; and
- Relevant people with functional responsibilities can identify risks and warning signs and respond appropriately.

Topic	Target Participants	Key messages	Outcome
Better Decisions Better Futures	Mandatory for all staff on commencement, with a refresher every two years	Our Group policies, modern slavery, Ethical decision making, incident reporting, whistleblower disclosures	We began a staggered launch of a new module with specific modern slavery content (285 people). All other staff (18,612 people) continued to receive relevant content from the earlier module.
General modern slavery awareness	Directly employed staff in Melbourne and Sydney HQ	Modern slavery, its relevance to Australia Post, our current approach, and what to do if they are concerned	Approximately 110 staff attended 'Lunch & Learn' session, with the recording made available to all staff. The talk was led by leaders, experts and external guests.
Indicators of forced labour	Modern Slavery Working Group, and leaders with responsibility for workforce compliance	Identifying modern slavery via forced labour indicators; red flags for modern slavery relevant to Australia Post's context	Approximately 20 functional leaders were provided with specialised training.
Modern slavery red flags	Key personnel in employee relations including the centralised HR Advisory services team and the Whistleblower team	Understanding modern slavery and identifying red flags relevant to Australia Post's workforce, Whistleblower process	Approximately 45 relevant personnel were provided training; participant feedback demonstrated that the learning outcomes had been achieved.
Procurement Training	Key procurement and retail merchandise people	What modern slavery is, what are the signs of potential modern slavery, refresher on our obligations under the Act and applying our updated assessment process	25 key procurement people attended refresher training sessions throughout the year; approximately 30 retail merchandise people were provided training with follow-up deep dive sessions with each of the Category Leads.
Purchasing Authority Training	All staff with delegated spend authority	What is modern slavery and how to make risk informed purchasing decisions	7,784 staff were trained via mandatory online training.

04

Our actions Training & remediation

During FY21 we developed a remediation approach to improve our readiness to deal appropriately with a potential modern slavery incident, should one arise in our extended workforce or broader supply chain.



Remediation & Response

Our remediation approach was developed by the Modern Slavery Working Group, in consultation with stakeholders across the business and civil society representatives. In line with Commonwealth guidance, the plan is based on the UN Guiding Principles. It fulfils the requirement to establish processes by which businesses can remediate, or ‘make good’ on any adverse impacts on people such as modern slavery. This work complements our existing mechanisms to remediate compliance issues in our direct or extended workforce.

This means it considers both a process (ensuring we have effective grievance, reporting and escalation mechanisms in place to find out if there is an issue), and an outcome (ensuring we are equipped to act responsibly and address any adverse impacts). Key aspects include:

- Guiding principles including for safeguarding victims or affected persons throughout any response
- A reporting, triage, escalation and referral process including strengthening the capability of our whistleblower function as our key grievance mechanism, and defining operational and supply chain ‘red flags’ that require escalation
- Considering potential actions to take, dependent on the degree to which we may have caused, contributed to or been linked to an incident and our degree of leverage

05

Effectiveness

The Modern Slavery Working Group is a key mechanism in ensuring effectiveness of our actions. It allows concerted planning and mutual accountability. For example, data on supplier assessments and workforce controls are shared monthly, and plans are shared with the group for approval.

This fosters continuous improvement – the spirit of the Act and an underlying principle to our efforts. We recognise that unearthing risks or issues in order to address them is the intent of this work.

During FY21 we created a work plan with set goals, against which we have assigned activities and metrics as relevant. At the same time as being results-focused, our work is iterative and responsive to issues and opportunities as they arise.

Some of our measures are more outcomes-focused, while others point to implementation of agreed processes. They are outlined in the table on page 29 and described fully in Section 4.

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Effectiveness

Area	Goal	Relevant KPIs or measures
Governance, Planning & Reporting	We have appropriate policies, systems and processes to manage and report on modern slavery risk across the Group	<ul style="list-style-type: none"> • Policy documents • Functioning governance mechanisms • Transparent consultative reporting
Assessing & Managing Risks	We effectively scope and understand modern slavery risks across our business	<ul style="list-style-type: none"> • Regular macro risk assessment • Risk scoping using Sedex membership • External engagement to inform risks • Business unit risk profiles include modern slavery risks
	We effectively scope and manage modern slavery risk to people in our extended workforce, including with those in facilities management	<ul style="list-style-type: none"> • Development of Contractor Management System to assess contractor compliance • Audit completion rates • Updated contractual controls • Implementing contractual controls with suppliers, including in relation to limiting subcontracting • (via Facilities Management) a two-way Supplier Performance Assessment/Scorecard for high-risk suppliers
	We effectively scope and manage modern slavery risk in procurement and retail merchandise	<ul style="list-style-type: none"> • Improved risk based due diligence approach • Number and % of suppliers assessed (on track to FY22 target) • Management of high-risk suppliers (# corrective actions resolved) • Implemented internal audit recommendations
Internal Engagement & Training	Our people know how to identify, reduce and report modern slavery risk	<ul style="list-style-type: none"> • Specialised training delivered to staff with relevant responsibilities • Staff participation rates, feedback and learning outcome surveys • Whistleblower engagement/training
Response & Remediation	We are prepared to detect and respond appropriately to potential or existing cases of Modern Slavery	<ul style="list-style-type: none"> • Remediation plan developed, socialised • Red flags developed and key staff trained • Relevant complaints managed

06

Consultation



Consultation

Australia Post is committed to developing a Group-wide response to modern slavery. In the context of modern slavery risks across the Group, wholly owned subsidiary operating entities (such as StarTrack Retail Pty Ltd and Star Track Express Pty Limited, as listed in Section 2) access Australia Post's shared services including Group Risk, Finance, Procurement, Legal, Tax, Treasury and Employee Relations. In addition, the Australia Post Group risk assessment and mitigation practices underpin our work on modern slavery (including Australia Post's policies and Australia Post Group staff training and due diligence practices with suppliers and labour providers). As a result of this integrated approach Australia Post's expectations on minimising modern slavery risks are embedded across the Group.

In accordance with the relevant provisions of the Act, this Statement has been prepared in consultation with each reporting entity covered by the Statement (see page 6) (except Australia Post Global eCommerce Solutions (Aust) Pty Ltd (APG eCommerce Solutions) and, in addition, with each Australia Post Group wholly-owned subsidiary entity that is a main operating entity (see page 7).

APG eCommerce Solutions, a main operating entity of Australia Post, is part of the Australia Post Global eCommerce Solutions group with the UK subsidiary entity in that group (Australia Post Global eCommerce Solutions (UK) Limited) reporting under the UK Modern Slavery Act. APG eCommerce Solutions had an annual consolidated revenue of over \$100m and became a reporting entity for the first time in FY21. Members of the Australia Post Modern Slavery Working Group and APG eCommerce Solutions have shared details of our respective modern slavery risks, programs of work and reporting requirements over the past two years. Moving forward, Australia Post intends to have a greater focus on collaborating with APG eCommerce Solutions on the preparation of our Australia Post Group Modern Slavery Statement as well.

With the exception of APG eCommerce Solutions, reports were provided to the boards of the other reporting entity, and the Australian main operating entities, which included: an overview of the reporting requirements; information regarding the Modern Slavery Working Group; and subsequent updates on the Working Group's initiatives; New South Wales' modern slavery laws developments relevant to reporting entities based in that State; and the ongoing development of the Statement by the Working Group.

Unions were provided with a copy of the Statement, as part of Australia Post's ongoing engagement with workers and representatives.

Statement approval

This Statement has been approved by the principal governing body, the Board of Directors, of Australia Post, after being endorsed by its People & Sustainability Committee, on behalf of Australia Post and relevant subsidiary reporting entities. The Modern Slavery Working Group, described in Section 4, developed this Statement, led by the Group Sustainability Office. Leaders and Executives from the functions represented in the Working Group were consulted – including from Group Risk, Finance (including Procurement), People & Culture and the Corporate Secretary. In addition, we consulted SMEs and leaders representing the other relevant areas (such as Property Management, Post Office engagement and Learning & Development). Relevant subsidiaries that are reporting entities were provided the Statement for endorsement prior to final approval.

06

Consultation

As underscored in our 2020-2022 Group Corporate Responsibility Plan, we recognise the importance of collaboration and multi-stakeholder partnerships.



External Engagement & Partnering

We gain modern slavery insights and feedback on our response by engaging externally with a range of stakeholders including government, civil society, business, and experts in the field.

- We participate actively in the Global Compact Network Australia Modern Slavery Community of Practice, a peer network for Australian businesses to share learnings in relation to the Act.
- Representatives from Australia Post are regularly invited to engage in external forums on sustainability issues including modern slavery. Working Group members regularly attend cross industry events, conferences and round tables dedicated to understanding modern slavery in supply chain procurement and other areas.
- In the development of our remediation approach we engaged a range of civil society representatives.
- In our supply chain, our partnership with Sedex provides us with a valued resource and network, and a platform for supplier engagement.
- We also engage our suppliers directly and proactively to ensure they understand our requirements, and they are supported in our approach.
- We proactively engage our customers and support them to meet their modern slavery requirements – we responded to over 70 such requests in FY21 alone.

07

Additional information & next steps

Our priorities for FY22

Australia Post is committed to continuously improving our efforts to combat modern slavery. We recognise that this requires an ongoing year-on-year commitment to a multifaceted program of work. Through our Modern Slavery Working Group, we will continue to identify and manage modern slavery risks, and we will report these transparently.

During FY21 we made significant progress in a range of areas, most particularly in improving our due diligence mechanisms. Our focus for FY22 will be on enhancing the actions we take when our due diligence uncovers risks or practices that don't meet our standards. This means considering the 'so what?' and having plans for appropriate escalation and management of issues.

Other focus areas for FY22 will be:

- To finalise the addition of modern slavery to the Australia Post risk profiles
- To complete the initial build and implementation of the Contractor Compliance Management System with supported training
- To complete the review and implement the resources needed to effectively provide sufficient proactive and reactive audit coverage to assess parcel delivery contractors' contract compliance
- To finalise and implement a framework for managing supplier risk after the assessment process is complete, including a process for escalating risks
- To accelerate due diligence and risk management in retail merchandise, including conducting an internal audit review to provide consideration of the design and operational effectiveness of the responsible sourcing framework
- To continue to engage and train relevant staff in recognising 'red flags' of modern slavery and consider ways to integrate appropriate learnings into compliance training in the extended workforce
- To continue to scope modern slavery risk across our operations and supply chain, including in our overseas activity
- To undertake analysis of our decentralised low value purchasing by staff
- To engage Licensed Post Offices in opportunities to manage workforce risk and make sustainable sourcing decisions
- To find ways to continue to learn from our data management and audit systems in our extended workforce.